

MINUTES
Approved by the Committee
Medicaid Managed Care Task Force
Tuesday, November 07, 2023
2:00 P.M.
Room EW42
Boise, Idaho

Members in attendance (*via Zoom): Cochairs Senator Julie VanOrden and Representative John Vander Woude; Senators Mark Harris, Kevin Cook, Glenneda Zuiderveld, and Melissa Wintrow; Representatives Dori Healey, Jordan Redman*, Josh Tanner, and Nate Roberts. Non-legislative members in attendance: Juliet Charron and Sara Stover. Legislative Services Office (LSO) staff in attendance: Elizabeth Bowen, Jill Randolph, Alex Williamson, and Grace King.

Note: Presentations and handouts provided by the presenters/speakers are posted to the Idaho Legislature's website <https://legislature.idaho.gov/sessioninfo/2023/interim/> and copies of those items are on file at the Legislative Services Office in the State Capitol. Recordings of the meeting may be available under the committee's listing on the website.

Cochair Vander Woude called the meeting to order at 2:09 p.m.; a silent roll call was taken.

Opening Remarks

Cochairs Vander Woude and VanOrden gave opening remarks. **Senator Harris moved to approve the amended September 11, 2023, minutes, the October 5, 2023, minutes, and the October 16, 2023, minutes. Senator Cook seconded and the motion passed unanimously by voice vote.**

School-Based Medicaid Report

Chynna Hirasaki, Special Education Director for the Idaho State Department of Education (ISDE), provided an overview of school-based Medicaid and special education in Idaho. She detailed the differences between Medicaid and the Individuals with Disabilities Act (IDEA), the school-based Medicaid annual reimbursement revenue, and the annual percentage of total special education costs.

- Cochair VanOrden wondered if the increase in spending was due to the rising cost for services or an increase of qualified students. Ms. Hirasaki explained that there was a rising number of students that qualify for services, along with other factors, that were causing an increase in spending.
- Senator Cook asked if there was a cost breakdown to show how much was spent on medical supplies and staff. Ms. Hirasaki explained that the reimbursement process only applies to direct services, not supplies. Lisa Pofelski-Rosa, Funding and Accountability Coordinator at ISDE, explained the process for reimbursement and stated that she would follow up with a breakdown of costs. Senator Cook wondered if providing a staff member to assist a special needs student was covered under school-based Medicaid. Ms. Hirasaki explained that Children's Habilitation Intervention Services (CHIS) does fall under school-based Medicaid but was based on the needs of the student.
- Senator Wintrow asked if school-based Medicaid was focused on providing services to students and not about providing medical supplies. Ms. Hirasaki stated that services, such as a physical therapy session from a physical therapist, were provided under school-based Medicaid. Senator Wintrow wondered where school-based Medicaid was located in the state budget. Ms. Charron,

Administrator of the Division of Medicaid, stated that she would follow up with a breakdown of costs for school-based Medicaid in the state budget.

- Cochair VanOrden asked where school-based Medicaid could be identified in the state budget. Ms. Charron explained that it could be found under the enhanced children's services program.
- Cochair Vander Woude wondered if smaller districts felt burdened by the paperwork needed for Medicaid reimbursement. Ms. Hirasaki explained that there was a significant amount of paperwork that required an organizational structure to maintain; however, districts need the funding to support students in need. Cochair Vander Woude asked if school-based Medicaid only applied to students with disabilities. Ms. Hirasaki explained that only IDEA-eligible students qualify for school-based Medicaid. Ms. Charron added that there may be some services provided to other students and staff that was covered under school-based Medicaid but it was primarily used for IDEA students. Cochair Vander Woude asked how school districts ensured that funds collected end up back in the classroom. Ms. Hirasaki explained that the school district was being reimbursed for services that have already taken place and the program was not designed to fund things like classroom supplies.
- Representative Tanner commented that school-based Medicaid services may be listed in other parts of the state budget and asked if Ms. Charron could provide a breakdown of where it was located in the budget. Ms. Charron explained that some of the spending could be identified in the basic children's services program but most of the spending fell in the enhanced children's services program since it covered mostly IDEA students.
- Senator Cook asked about oversight. Ms. Hirasaki stated that ISDE partners with the Division of Medicaid and had a Medicaid advisory committee that provided guidance for schools but added that ISDE does not provide direct oversight over reimbursement funds. Ms. Polfeski-Rosa explained the funding process and added that the process was audited annually.

Ramona Lee, Special Education Director for the West Ada School District (WASD), provided an overview of school-based Medicaid from a school district's perspective. She provided statistics for school-based Medicaid in the WASD, detailed some of the services that are provided under the program, and explained the steps for reimbursement.

- Senator Cook wondered if the Medicaid Management Information System (MMIS) would make the reimbursement process easier for school districts. Ms. Charron explained that the MMIS does not have a role in the administrative burden of reimbursement that the school districts face. Ms. Hirasaki added that some of the requirements for the submission of paperwork could be difficult. Senator Cook asked if vocational rehabilitation was included under the school-based Medicaid program. Ms. Lee explained that vocational rehabilitation services were not reimbursable under the school-based Medicaid program.
- Cochair Vander Woude asked how the school district pays the salaries of the 125 employees under the school-based Medicaid program if it was a reimbursement system. Ms. Lee explained the timeline the school district followed for reimbursement that allowed the district to build up the account the employees were paid from. Cochair Vander Woude asked how salaries were determined. Ms. Lee explained that salaries were set by the school district and did not relate to the amount of reimbursement a school district receives per service.

Q and A with VCOs

Cochair Vander Woude invited Dani Jones, Chief Operating Officer for St. Luke's Health Partners (SLHP), and Jessica Perry, Administrator of Pocatello Children's Clinic (PCC), to answer questions from the task force members.

- Senator Cook asked about the per-member-per-month (PMPM) rate. Ms. Jones explained that continuing to lower the PMPM would not be sustainable.

- Senator Wintrow wondered if there was anything Ms. Jones would like to say about Value Care Organizations (VCOs). Ms. Jones stated that VCOs were directly connected to care and could drive proper utilization. She added that having a stop loss was common and was offered in the base contract to shield VCOs from downside risk when starting the new program. Senator Wintrow wondered, when the program was created, if the VCOs worked with the Department of Health and Welfare (DHW) and the Legislature to set contract terms that would work for VCOs. Ms. Jones explained that legislative objectives were discussed with DHW and that DHW sat with potential VCO contractors to establish contract terms that VCOs could meet. Senator Wintrow asked how the VCOs plan to continue being successful and bring savings to the state. Ms. Jones detailed the investments that the SLHP VCO had made so far and stated that it was important to track the success of investments. Senator Wintrow asked what the benefits of being a VCO were. Ms. Perry explained that the goals and philosophy of her clinic aligned with the VCO model. Senator Wintrow wondered why there was trepidation toward the Managed Care Organization (MCO) model. Ms. Perry explained that her concern was that the clinic would lose its personal connection with patients and start prioritizing reimbursement over patient outcomes. Senator Wintrow commented that there was currently a give and take with managing cost and providing quality care. Ms. Perry stated that having personal connections with patients and providing quality care would help keep costs down.
- Representative Tanner asked how to best grow the VCO program. Ms. Jones explained that adding services such as pharmacy and behavioral health could be considered. Representative Tanner asked if VCOs could handle taking on the pharmacy benefit and increasing the stop-loss. Ms. Jones stated that there was opportunity for the SLHP VCO to take on pharmacy but explained that many factors influence pharmacy cost management. Ms. Perry explained that the stop-loss protects the PCC VCO and, if the stop-loss was any larger, the PCC VCO may have to consolidate with a larger VCO to share risk. Representative Tanner asked for clarification from Ms. Jones on comments she made regarding pharmaceuticals. Ms. Jones explained that some prescribers and patients may prefer new therapies that are clinically superior but were more expensive and added that there was an 85%-95% generic prescribing rate within the SLHP VCO. Ms. Charron explained the oversight of Medicaid prescription costs.
- Cochair Vander Woude asked if Ms. Perry's VCO had reserves set aside for stop-loss. Ms. Perry stated that her VCO did have reserves and plans to grow it through savings. Cochair Vander Woude asked why 71,000 people under the VCO program did not respond to DHW's letter regarding redeterminations. Ms. Jones explained that some Medicaid beneficiaries had not established care with a primary care provider, which made outreach efforts difficult. Ms. Perry explained that the biggest challenge at the PCC VCO had been contacting beneficiaries. Cochair Vander Woude commented that he was concerned with the number of enrollees that did not respond to DHW's outreach efforts.
- Senator Cook commented that pharmacy costs are out of control and need to be managed before giving the pharmacy benefit to VCOs.
- Representative Redman asked what would happen to the VCOs if the stop-loss was increased. Ms. Jones explained that the stop-loss doesn't stop at the \$100,000 mark; the maximum exposure is \$180,000, which was on the lower end of stop-losses but it worked best for smaller VCOs. Ms. Perry stated that the PCC VCO had room to grow the stop-loss but if it was increased too much, consolidation of VCOs may happen. Representative Redman asked how care coordination worked under the VCO model. Ms. Perry explained that the PCC VCO had care coordinators in the clinic and she described the responsibilities of the care coordinators. Ms. Jones explained that the SLHP VCO had a more centralized model for care management and worked with the clinics under the VCO to provide care coordination. Representative Redman asked if Ms. Perry and Ms. Jones were familiar with a proposed rule change from CMS regarding reimbursement rates for hospitals. Ms. Perry and Ms. Jones stated that they were not familiar. Representative Redman asked if there were innovative measures to cut costs without sacrificing the quality of care. Ms. Jones

explained that health literacy was important to manage conditions in a more cost-appropriate way. Ms. Perry stated the importance of preventative care.

Overview of Draft Legislation

- Senator Cook commented that he did not like the draft legislation and that the germane committees should handle oversight of Medicaid contracts.
- Cochair VanOrden expressed her support for the draft legislation because it allowed for more scrutiny over Medicaid contracts. Senator Cook agreed that there should be more scrutiny but suggested that the germane committees meet during the interim instead of creating a new committee.
- Senator Wintrow expressed concern that creating another committee would create a full-time legislature and encouraged that the germane committees handle oversight.
- Representative Tanner stated that this draft legislation was a good idea because providing proper oversight would be too much work for the germane committees.
- Representative Redman expressed support for the draft because the Medicaid budget was one of the largest in the state and required more oversight.
- Cochair VanOrden asked Elizabeth Bowen, Legislative Legal Counsel, if the adjournment of the Legislature would be affected if the germane committees decided to meet in the interim. Ms. Bowen explained that germane committees could meet during the interim without affecting adjournment but would need permission from leadership to meet. She added that germane committees could have subcommittees that could meet throughout the year. Cochair VanOrden asked about reimbursement for legislators if the germane committees met during the interim. Ms. Bowen stated that she would check with House and Senate staff but it would most likely be the same process as interim committee meetings. Cochair VanOrden stated that the Legislature had to pass an appropriation for this task force and wondered if an appropriation would be needed for the germane committees or an interim committee to meet. Ms. Bowen stated that it would depend on how expensive the meetings were expected to be.
- Senator Wintrow stated that reimbursement for legislators wasn't just for travel but also for missing work, and she encouraged that the members be paid accordingly if there were meetings.
- Cochair VanOrden stated that the idea was to have an oversight committee that wouldn't meet as regularly as a task force.
- Representative Tanner stated that it was important to include members from the Joint Finance-Appropriations Committee, which could not happen if the germane committee was handling oversight.
- Cochair Vander Woude expressed concern with the different sizes of the Senate and House germane committees and the difficulty of scheduling meetings with so many members.
- Representative Roberts asked what kind of burden would be placed on the Division of Medicaid if an oversight committee was created. Ms. Charron stated that it would depend on the type of information, how much detail, and the frequency of reporting that would be required. She stated there was a monthly budget report that was submitted to LSO that can be shared.
- Senator Cook stated that it was important that the Legislature receive a report from the Division of Medicaid at least once per year.
- Senator Wintrow stressed that it was important the germane committees be involved.
- Cochair VanOrden stated that the germane committees would be represented because the chairs of the germane committees would be the chairs of the oversight committee.
- Representative Roberts expressed concern that the powers of the oversight committee would be too broad.

- Cochair Vander Woude commented that the draft legislation would still have to be passed by both chambers of the Legislature.
- Senator Harris expressed support for the idea of creating subcommittees under the germane committees.
- Cochair VanOrden asked about the Natural Resources Interim Committee. Ms. Bowen explained that it was an interim committee that was renewed every two years. Cochair Vander Woude stated that the Speaker of the House and the President Pro Tempore appoint the members of the Natural Resources Interim Committee. Cochair VanOrden asked about the process of creating subcommittees under the germane committees. Ms. Bowen stated that the chairs of the germane committee have the authority to appoint subcommittees.
- **Cochair VanOrden moved to recommend the draft legislation [DRJAR017] to the Legislature. Representative Tanner seconded the motion and the motion passed by five ayes, four nays, and one absent/excused.** Senator Cook suggested removing the word "contract" on line 25 of the draft legislation.

Overview and Discussion on the Final Report

Before the meeting, Cochair Vander Woude submitted the following language to be added to the draft final report for the task force's consideration: *"House Concurrent Resolution 9 asks the Medicaid [Managed Care] Task Force to come back with a comprehensive plan for Medicaid that would create a stable and predictable budget. While the task force could not agree on what that plan should be, the current model of VCOs does not do that. The current model does not include pharmacy benefits and has a cap rate of \$100,000. The task force members believe that the current House and Senate Health and Welfare Committees should continue to explore options that would create stability and predictability."*

- **Senator Cook moved to present the following recommendation to the House and Senate leadership:**
 1. **That we [the state] continue with the VCO model as we have it.**
 2. **That we [the state] continue with the MCOs that are overseeing the four programs, which are: dental, behavioral health, non-emergency transportation, and dual enrollees.**
 3. **That the germane health and welfare committees with the input of VCOs, MCOs, providers, and the department, create unique but fair and reasonable quality measurements based on best practices for VCOs and MCOs. These performance measurements shall be created in at least the following categories:**
 - a. **cost savings**
 - b. **patients' wellness**
 - c. **workability between providers and MCOs/VCOs**
 - d. **MCO/VCO fulfillment of contract**
 4. **Germane health and welfare committees "trust but verify" the above quality measurements every six months.**
 5. **If a VCO or MCO gets a C or lower grade based on the above quality measurements for two consecutive six-month review cycles, the department will proceed forward with one of the two paths:**
 - a. **replace the offending VCO/MCO within one year.**
 - b. **fine the offending VCO/MCO 15% of the yearly contract amount.**

Senator Harris seconded the motion.
- **Representative Tanner made a substitute motion to approve the final report with the additional language provided by Cochair Vander Woude. Representative Redman seconded the motion.**

- Senator Cook expressed concern with the draft final report because it made the assumption that the members of the task force have made a decision regarding MCOs and VCOs.
- Senator Wintrow stated that she needed more time to consider the additional language provided by Senator Cook and Cochair Vander Woude.
- Ms. Charron expressed concern about the implementation of Senator Cook's motion, specifically regarding the replacement of a VCO/MCO within a year.
- Cochair VanOrden stated that an oversight committee could address many of the topics listed in Senator Cook's motion. She added that it would be difficult to create quality measures by the end of January 2024.
- Cochair Vander Woude pointed out that the germane committee could not meet until the start of the legislative session, which would limit the amount of time the committee would have to create quality measures.
- Senator Cook stated that many of the measurements listed in his motion were already included in the contracts but that the Legislature needed to be more involved in determining whether or not an MCO or VCO was following the measurements.
- **Senator Wintrow made an amended substitute motion to approve the final report with the following language:**
House Concurrent Resolution 9 asked that the Medicaid Managed Care Task Force report back to the Legislature with a comprehensive plan for Medicaid that would create a stable and predictable budget. The task force was unable to reach a consensus on whether to recommend adoption of a comprehensive Medicaid managed care program in Idaho. Some members support a comprehensive managed care program or at least greater use of managed care, while other members believe the current value-based care model is showing promise and should be given more time. The task force members believe that the germane House and Senate Health and Welfare Committees should continue to explore options that would create Medicaid budget predictability and stability. The task force specifically recommends the following:
 - 1. That the state continue the value-based care model as is;**
 - 2. That the state continue to use managed care for the following areas and participants: dental, behavioral health, non-emergency medical transportation, and dual enrollees; and**
 - 3. That the germane Health and Welfare Committees, with input from value care organizations, managed care organizations, providers, and the Department of Health and Welfare, create unique but fair and reasonable quality measures based on best practices for value care organizations and managed care organizations.****Additionally, some members of the task force agree that the Legislature should exercise more oversight of Medicaid contracts to ensure that the interest of the public in a predictable, affordable, and effective Medicaid program are being protected. The task force, by a vote of 5-4, with one member absent, recommends that the Legislature provide more oversight of Medicaid through the creation of a Medicaid Legislative Review Panel.** Senator Wintrow explained that her motion includes the main points from Senator Cook's language and Cochair Vander Woude's language.
- Representative Tanner expressed concern with stating that the state should continue the VCO program as it was and stated that he did not support the amended substitute motion.
- Senator Cook explained that the language regarding leaving the VCO program as is was meant to convey that the task force did not have recommendations to change the program at this time. He added that it was important to review the contracts every six months.
- Cochair VanOrden expressed support for Senator Wintrow's motion.
- Representative Roberts stated that the VCO program was beneficial for the state and expressed support for Senator Wintrow's motion.

- Cochair Vander Woude expressed concern with stating that the state should continue the VCO program as it was because there should be changes made to the program.
- Cochair VanOrden stated the oversight committee could review potential changes to the VCO program.
- **Senator Cook suggested amending Senator Wintrow's motion to say "That the state continue the value-based care model for the time being and continue looking into how to improve it." Senator Wintrow and Representative Roberts accepted the amendment to the motion.**
- **The task force held a voice vote on Senator Wintrow's amended substitute motion and the motion passed.**

The meeting was adjourned at 4:55 p.m.